

ASX Announcement (ASX:AXE)

25 October 2017

Archer to announce series of developments around its Graphite and Graphene Project

Archer Exploration Limited (ASX:AXE) will be announcing a series of exciting developments around the development of the Company's 100% owned Eyre Peninsula Graphite Project (**Project**), located near Cleve, South Australia in the coming days and weeks.

Late last year Archer submitted an application for a Mining Lease and two Miscellaneous Purposes Licences (together the **Mining Tenements**) at the Project. The applications are for the mining and processing of ultra-high grade graphite and for the manufacture of graphene. Graphene is extracted from graphite and has been described as a material that could change the world as a result of its almost unlimited application potential. It is approximately 100 times stronger than steel and can conduct heat and electricity very efficiently. Graphite will initially be mined at Campoona and transported to the proposed nearby central graphite processing and graphene manufacturing facility at Sugarloaf.

In South Australia, the steps for the grant of the Mining Tenements are well defined and include a public consultation process where the public is invited to lodge submission regarding the proposed mining operations. Archer has spent several years working with the Cleve Community and established the Cleve Consultative Committee which comprises well-respected community members. As a result of this hard work, Archer is proud of the fact that the SA Government received no submissions during this phase of the approvals process.

The next stage in the approvals process is for Archer to receive notification of the draft Mining Tenement terms and conditions. Archer will then have at least seven days to make submissions on those terms and conditions before they are finalised by the SA Minister for Mines. Archer is expecting to receive the draft terms and conditions in the next 1 – 2 weeks. The issue of the draft terms and conditions will be a major step forward in the development of the Project.

Archer's Project is unique in that we will be the first company in Australia to apply for a mining lease that allows for the purification and processing of graphite as well as the manufacture of graphene. The graphite purification and upgrade facility will allow Archer to make a high grade and high value graphite product that sells at a higher price to lower grade flake graphite.

The timing of the grant of the Mining Tenements is ideal given the recent increase in graphite prices due to graphite mine closures in China. Current flake prices in China are approaching two-year highs and this upward trend is likely to continue as ongoing environmental concerns in China mean that some mines will stay closed for extended periods meaning that graphite supply will remain constrained. Adverse changes in mining legislation in Tanzania and delays in Mozambique graphite operations will also lead to a shortage of graphite supply.



The ability of Archer to manufacture graphene at Sugarloaf means that Archer will be developing the world's first vertically integrated graphene operation. The amazing properties and advantages of graphene have been well reported and researched. Previous research by the University of Adelaide showed that Archer graphene demonstrates excellent electrical conductivity properties and that Archer graphite generates a high yield when converted to graphene. Also, CSIRO research showed that Archer graphite is suitable for use in lithium ion batteries.

Archer has been considering many business development opportunities and is close to finalising due diligence on a prospective graphene and graphite acquisition, the results of which will be announced to market. Archer believes that our vertically integrated strategy will protect the Project from future price shocks, similar to those currently affecting the world graphite market, and allow us to manufacture speciality graphite, graphene and associated advanced materials specific to customer needs.

The Project provides Archer with an opportunity to position itself as an advanced materials company capable of supplying high purity graphite and graphene materials and products to local and overseas customers.

We are perfectly placed to take advantage of the benefits of our vertically integrated strategy and look forward to making imminent announcements about moving to the penultimate stage in the mining approvals process and a future acquisition in the graphite and graphene space.

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